



**IN SEARCH OF NEW TALENT,
EXPERIENCE, AND PERSPECTIVES**

WOMEN IN INVESTMENTS
Sacramento Convention Center
February 10, 2009



Women in Investments Private Equity and Venture Capital Workshop



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CalPERS Alternative Investment Management (AIM) Program

Leon Shahinian
Senior Investment Officer,
Alternative Investment Management (AIM) Program CalPERS



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Overview of AIM Program

- CalPERS made its first private equity investment in 1990
- Today – one of largest programs in the world with:
 - \$50 billion under management
 - \$25 billion Market Value
 - \$25 billion Unfunded Commitments
- Global Reach - 33% international exposure
- Investments across the full spectrum of private equity
 - Venture Capital, Buyouts, Growth Equity, Mezzanine, Distressed



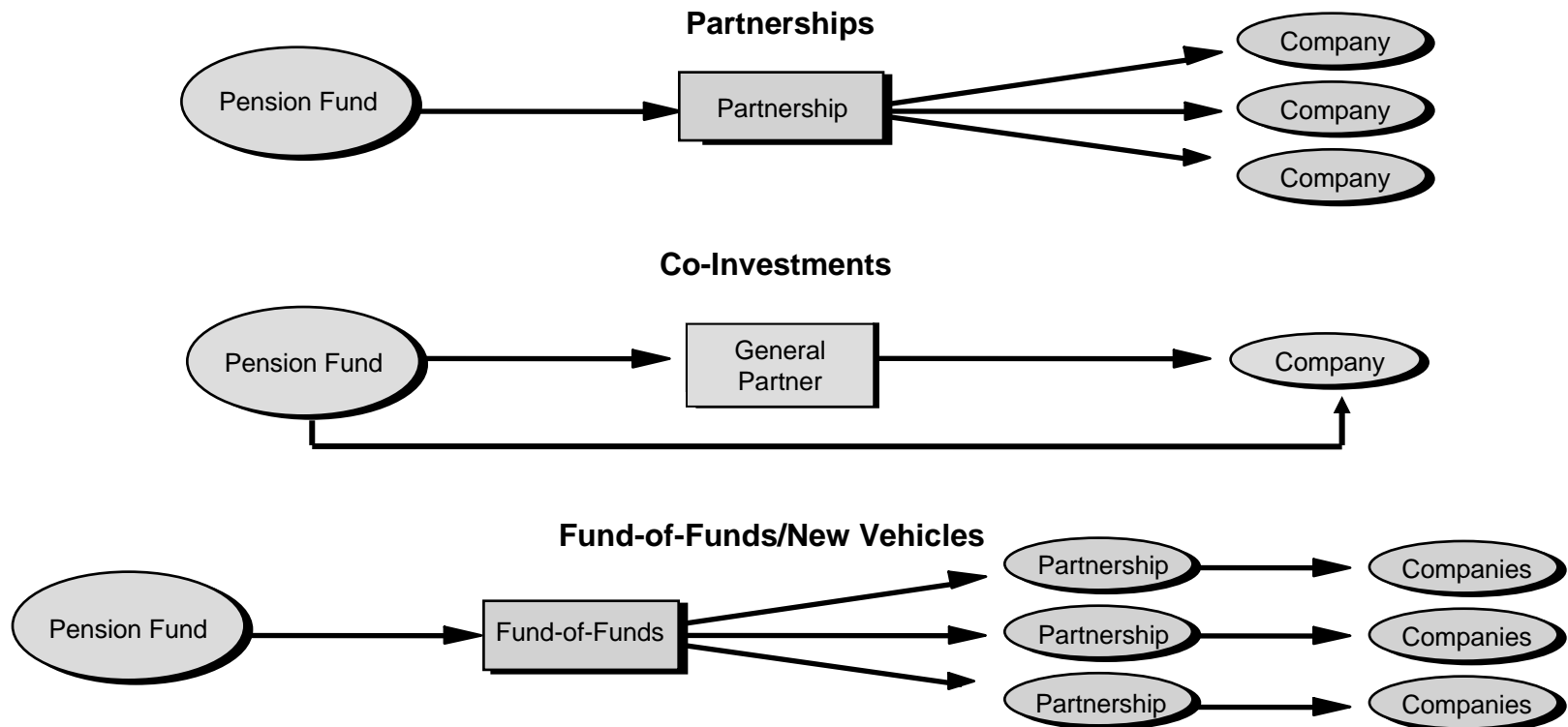
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Investment Structures

Three Components to AIM Program





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AIM Focused Investment Strategies by Geography and Sector

US

Europe

Asia

**Emerging
Markets**

Buyouts

Venture

Energy

Credit Strategies

- Information Technology
- Healthcare/Life Sciences
- Clean Technology

- Mezzanine debt
- Distressed debt
- Leveraged Loans

Specialized Programs

Emerging Manager Program
California Initiative
Clean Energy & Technology
Healthcare Investment Initiative



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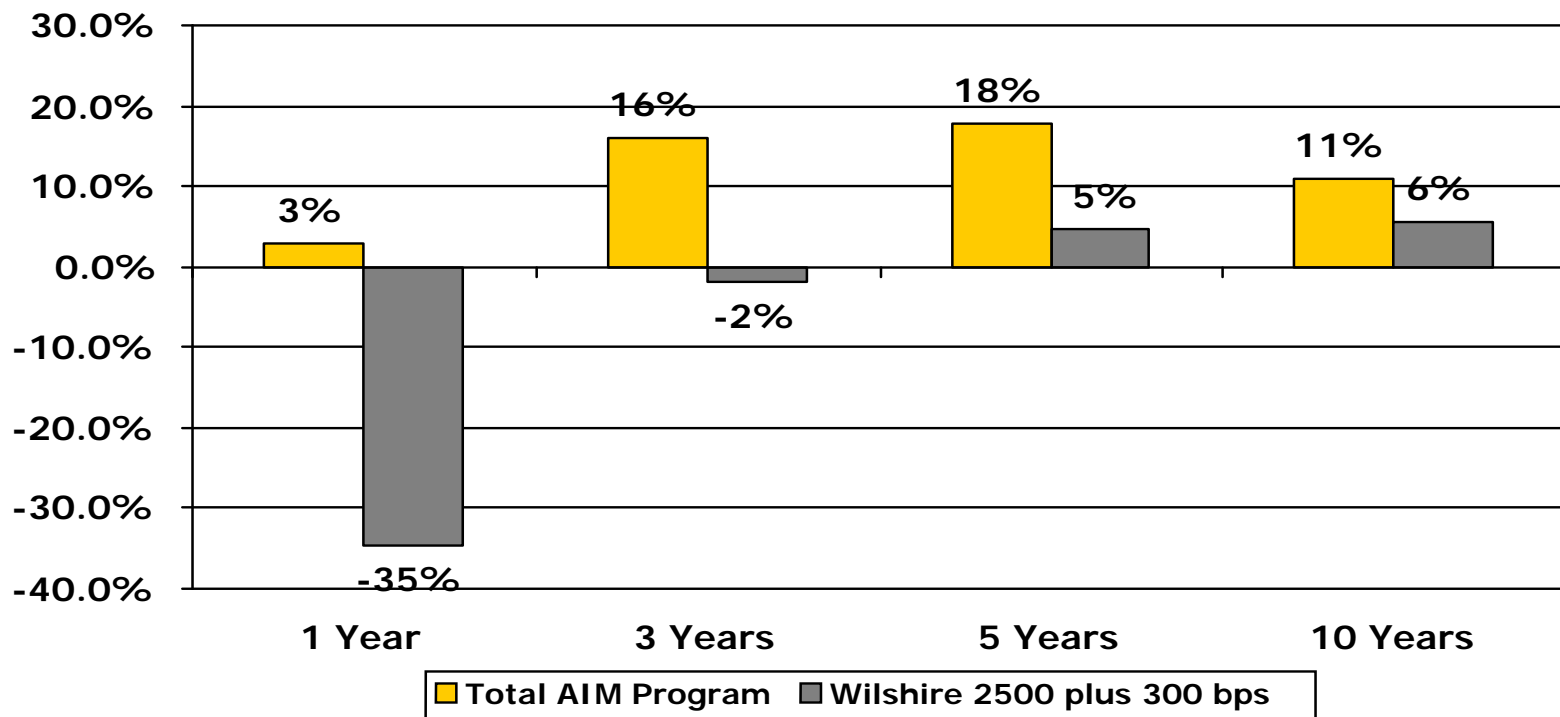
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AIM Program - Performance

As of October 31, 2008

(Net IRR)



Annualized returns as of October 31, 2008 rounded to nearest full percentage

Data Source for AIM Performance Information is State Street Bank/State Street Analytics - CFA Institute Compliant Data Source for AIM Benchmark is Wilshire



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Why CalPERS Invests with Emerging Managers

- Partnering with tomorrow's industry leaders – a feeder to the core portfolio
- Targeting less efficient markets – potential for superior returns
- Higher rates of proprietary deal flow – fewer auctions
- Smaller funds tend to be less focused on gathering assets under management, more focused on maximizing profit
- Diversification benefit



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CalPERS Manager Selection Criteria

- Team
 - Breadth of experience (including prior investing experience)
 - Capability of executing strategy
 - Cohesive, stable, ethical, wide networks
- Strategy
 - Valid in current market environment
 - Focused
- Performance
 - Attribution analysis is key with emerging firms
- Terms
 - Seeking high alignment of interest



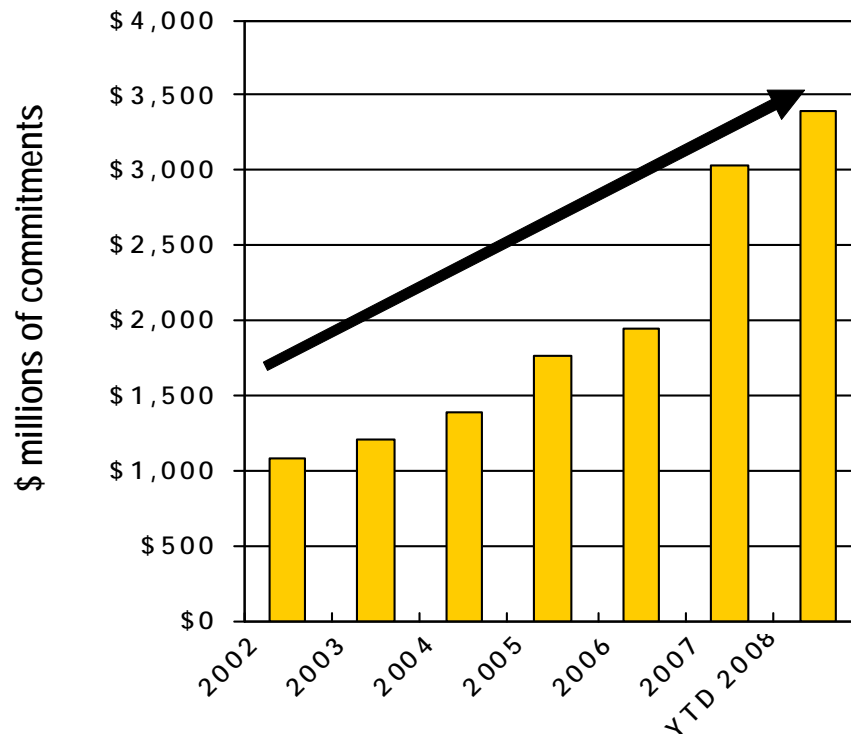
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CalPERS Commitment to Diversity

AIM Program's Investments in Minority or Women-owned Funds Growing by 26% annually since 2002



- CalPERS AIM Program has committed over \$3.4 billion to private equity firms that are majority-owned by women or minorities as of June 30, 2008
- CalPERS has made \$11.7 billion in commitments to private equity firms that have at least one woman or minority owner in the partnership



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CalPERS is Backing a New Generation of Leading Private Equity Firms

Altos Ventures
American River Ventures
Ascend Ventures
Asia Alternatives
Bastion Capital
Caltius Equity Partners
Camelot Acquisitions
Capital Point Partners
Centinela Capital Partners
Comvest Investment Partners
Craton Equity Investors
DBL Equity
Fulcrum Capital Partners
Garage Technology Ventures
GenNX360 Capital Partners

Global Catalyst Partners
Granite Global Ventures
Hispania Capital Partners
Inner City Ventures
KH Growth Equity
Khoshla Ventures
KPS Capital Partners
Levine Leichtman Capital
Longitude Venture Partners
Nogales Investors
Opportunity Capital Partners
Pacific Community Ventures
Palladium Equity Partners
Parish Capital
Pharos Capital

Praesidian Capital Investors
Provender Capital
Relativity Fund
RC/Fontis Partners
Sheridan Production Partners
Solera Partners
St Cloud Capital Partners
StarVest Partners
Syncom Capital
Tallwood Ventures
Translink Capital Partners
Valor Equity Partners
Vista Equity Partners
Williams Capital Group



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AIM's Emerging Manager Program

- \$1 billion Program: focused exclusively on domestic emerging managers with an emphasis on minority and female-owned private equity firms
- Managed by Centinela Capital Partners
 - Discretionary Fund-of-Funds Mandate
 - Highly Inclusive
 - Thorough Investment Process
 - Collaborative with CalPERS
 - Los Angeles and New York Offices



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California Initiative: Phase I and II

- California Initiative I
 - \$475 million Program focused on California's underserved markets
 - Companies located in areas where access to capital is limited
 - Companies that employ workers who reside in economically disadvantaged areas
 - Companies with female and/or minority management
- California Initiative II - Golden State Investment Fund
 - \$500 million second phase of California Initiative
 - Managed by Hamilton Lane from its new San Francisco office
 - Discretionary mandate
 - Fund-of-funds and co-investments focused on underserved California companies/markets



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How to Have Your Proposal Reviewed by CalPERS

CalPERS Contact Info

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Emerging Manager Program

Jan Le Chang or Robert Taylor
Centinela Capital Partners
(213) 542-1813
www.centinelacapital.com

California Initiative

Tara Blackburn or Paul Yett, Hamilton Lane
Golden State Investment Fund
(858) 410-9967 or (415) 365-1060
www.GSIF.com



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Thank you.



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Private Equity: Program Overview

Margot Wirth
Portfolio Manager, Private, CalSTRS



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Overview of CalSTRS

- Largest teachers' pension fund in the U.S.
- \$127 billion in assets
- Nearly 800,000 California teachers and benefit recipients



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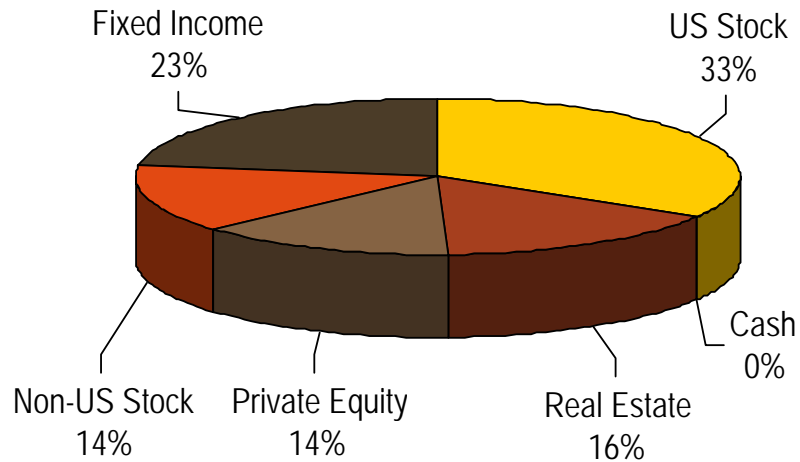
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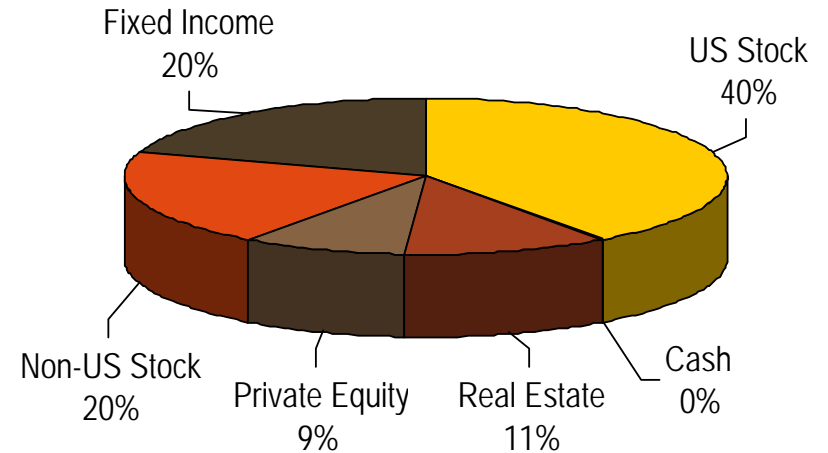
Overview of CalSTRS

December 2008

Current Allocation



Target Allocation





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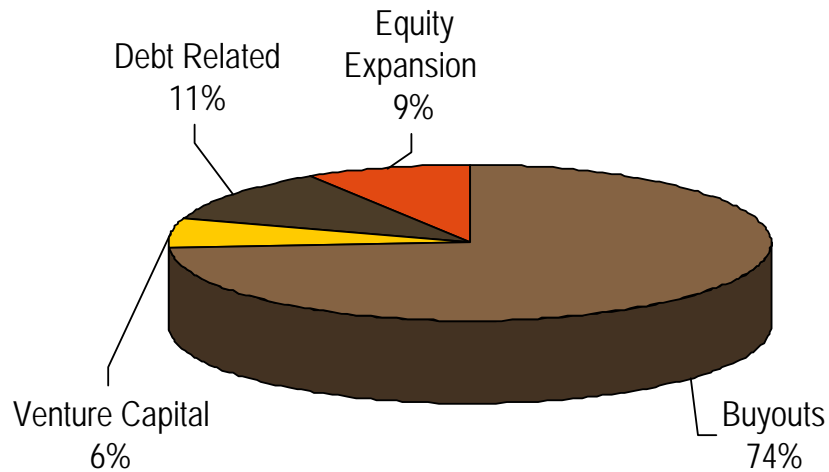
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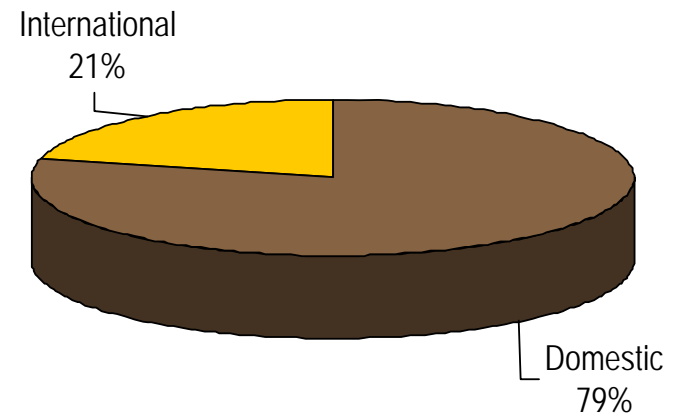
Private Equity

November 2008

Asset Allocation



Geographic Allocation



Market value of PE Portfolio: \$18.1 billion



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Private Equity Portfolio

- Portfolio Objective: Provide enhanced investment returns over the public market
- As of November 30, 2008, committed over \$37.6 billion across 284 funds and 113 General Partners.
- As of September 30, 2008, achieved a 16.8% internal rate of return since inception.



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Manager selection is based on the following criteria:

- 30% Past performance
- 25% Alignment of interests
 - GP investment
 - Flat share of carry
 - Long vesting period
- 20% Continuity and history of management team
- 15% Investment strategy and pace
- 10% Strategic fit with CalSTRS' portfolio

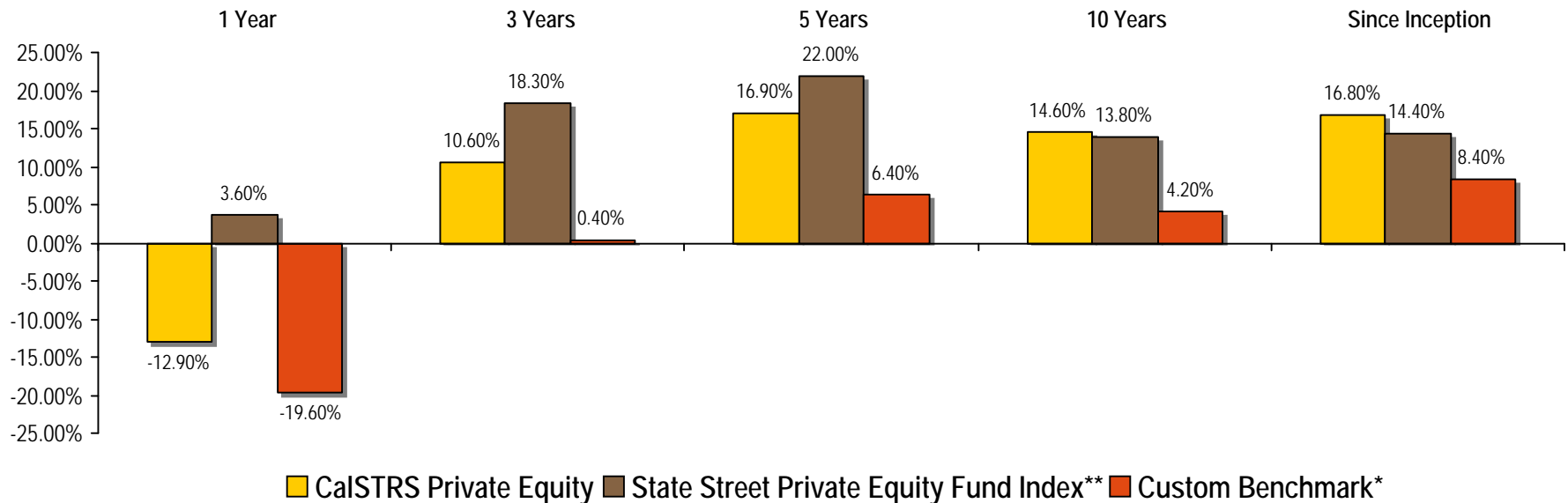


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Private Equity Program Performance (Net IRR %) As of September, 2008



*CalSTRS' Private Equity custom benchmark is a composite of the Russell 3000 Index plus 300 basis points.

**State Street Private Equity Fund Index are as of June 30, 2008.

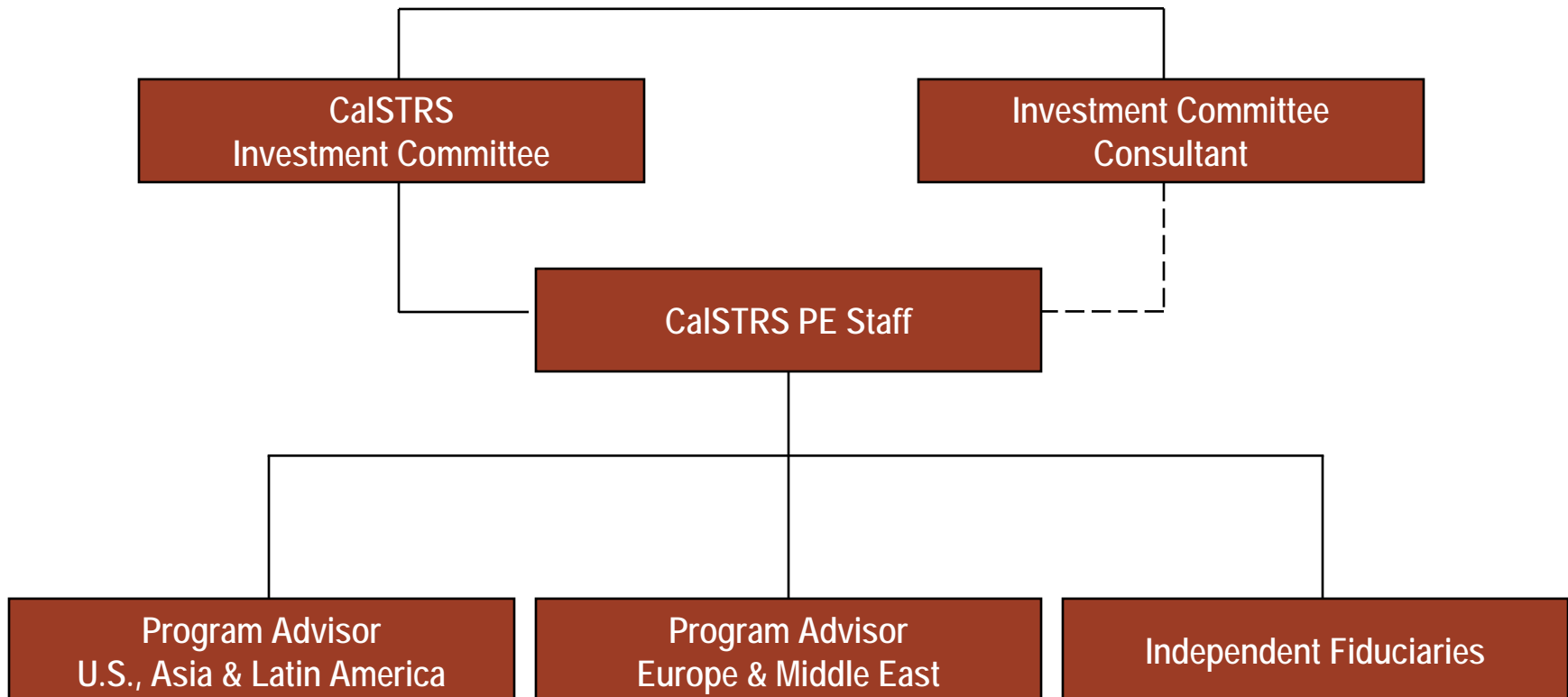


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Private Equity Organization





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CalSTRS Alternative Investments Proactive Portfolio Contacts

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Underserved Market Focus
Banc of America Capital Access Funds

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Thank you.